

Illinois Insurance

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Illinois approves race-based settlement agreements

The Acting Insurance Division Director, Deirdre K. Manna, has recently approved two Multi-State Regulatory Settlement Agreements involving allegations of race-based life insurance sales by American National Insurance Company and New York Life Insurance Company. The agreements provide that the Illinois policyholders of the two companies may be able to recoup premiums that were based upon the policyholder's race.

The type of insurance involved is formally known as "industrial life" and informally known as "burial insurance." Many of the policies were purchased by individuals seeking to cover their funeral expenses. Insurance regulators have found that in certain instances, companies have charged African-American and other minority policyholders more for the

coverage than was charged for non-minorities. The policies were sold over the past 60 years, but most companies ceased the practice in the 1960s.

Potential aggregate payments by the insurers involved could reach as high as \$20 million. Several thousand Illinois residents may be eligible to participate.

If you believe that you or a family member is or may have been a policyholder of American National Insurance Company or New York Life Insurance Company and were charged inappropriate premiums for the purchase of an industrial life insurance policy, contact New York Life at 1-866-891-0614 or American National at 1-866-229-9685 for information about how to participate in the settlement. ♦

Insurance complaints drop for third straight year

Illinois consumers filed fewer complaints about their insurance companies and HMOs in 2003, according to consumer complaint statistics released by the Illinois Department of Financial and Professional Regulation (IDFPR), Division of Insurance.

Over the last three years, total complaints against health maintenance organizations dropped by 17%, from 1,430 complaints in 2001

to 1,185 in 2003. The decrease in HMO complaints may be attributed to the fact that HMO enrollment has steadily decreased over the last several years. From 2002 to 2003, HMO enrollment declined approximately 7%. Over the last five years, HMO enrollment has decreased almost 28%. In addition to HMO complaints, other types of coverages have experienced a decrease

complaints (cont'd on pg. 2)

complaints (cont'd from pg. 1)

in complaints: individual life (-11%); individual annuity (-5%); individual accident and health (-9%); group accident and health (-16%); and group credit accident and health (-19%).

For the second year, however, homeowners insurance complaints increased significantly. In 2003, as in 2002, homeowner insurance complaints increased by 16%, from 1,462 in 2002 to 1,692 in 2003. The bulk of this increase occurred in complaints against companies' underwriting practices, which increased from 678

complaints in 2002 to 851 complaints in 2003, a 26% increase.

"While this trend is unfortunate," said Acting Director Deirdre K. Manna, Division of Insurance, "we continue to believe the increase in complaints is reflective of numerous marketplace trends that have affected the insurance industry. Various economic trends and several years of significant weather-related losses have resulted in insurers using more selective underwriting criteria."

Automobile complaints also witnessed a significant increase in 2003. The rise in auto complaints,

from 3,885 in 2002 to 4,227 in 2003, represents a 9% increase. The majority of this increase was due to an 11% increase in the number of auto claim handling complaints. In contrast, the number of auto underwriting complaints actually witnessed a slight decline from 2002 to 2003.

The Illinois Division of Insurance investigated 11,762 written complaints against insurance companies in 2003 compared to 12,019 in 2002 and 12,269 in 2001, an overall decrease of 4% over the three years.

complaints (cont'd on pg. 7)

Composite of Insurance Complaints

Total Complaints Investigated in 2003

HMO Complaints	1,185
Insurance Company Complaints	<u>11,762</u>
	12,947
Not Categorized	<u>2,436</u>
Total:	15,383

Complaints by Line of Coverage

Auto	4,227	(27%)
Homeowners	1,692	(11%)
Individual Life	723	(5%)
Individual Accident & Health	1,223	(8%)
Group Accident & Health	3,089	(20%)
HMOs	1,185	(8%)
Group Credit Accident & Health	43	(1%)
Individual Annuity	121	(1%)
All Other Coverages	644	(4%)
Not Categorized	<u>2,436</u>	<u>(15%)</u>
Totals:	15,383	(100%)

Major Reasons for Complaints

	Insurance Companies		HMOs
Claim Handling	8,309 (71%)	1,114	(94%)
Underwriting	2,331 (20%)	17	(1%)
Policyholder Service	879 (7%)	54	(5%)
Marketing and Sales	<u>243 (2%)</u>	<u>0</u>	<u>(0%)</u>
Totals:	11,762 (100%)	1,185	(100%)

2003 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Private Passenger Automobile

Name	Complaints	2003 Illinois Direct Written Premium
AFFIRMATIVE INSURANCE COMPANY	223	83,921,675
ALLSTATE INSURANCE COMPANY	226	415,822,885
ALLSTATE PROPERTY & CASUALTY INSURANCE COMPANY	12	191,681,485
AMERICAN ACCESS CASUALTY COMPANY	136	33,124,495
AMERICAN AMBASSADOR CASUALTY COMPANY	120	38,111,806
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	92	253,433,830
AMERICAN FREEDOM INSURANCE COMPANY	71	11,815,375
AMERICAN HEARTLAND INSURANCE COMPANY	117	10,167,244
AMERICAN SERVICE INSURANCE COMPANY, INC	152	35,293,466
APOLLO CASUALTY COMPANY	163	34,478,270
AUTO OWNERS INSURANCE COMPANY	12	30,864,218
CONSTITUTIONAL CASUALTY COMPANY	35	13,410,869
COUNTRY MUTUAL INSURANCE COMPANY	48	329,924,534
ECONOMY PREMIER ASSURANCE COMPANY	20	65,969,567
ERIE INSURANCE COMPANY	18	8,351,034
FOUNDERS INSURANCE COMPANY	143	45,717,481
GEICO GENERAL INSURANCE COMPANY	23	67,882,200
GENERAL CASUALTY COMPANY OF ILLINOIS	20	51,759,459
GOVERNMENT EMPLOYEES INSURANCE COMPANY	11	29,253,164
HARTFORD ACCIDENT & INDEMNITY COMPANY	14	3,475,124
HARTFORD INSURANCE COMPANY OF ILLINOIS	26	43,972,237
HARTFORD INSURANCE COMPANY OF THE MIDWEST	13	147,816
ILLINOIS FARMERS INSURANCE COMPANY	105	251,111,128
INDIANA INSURANCE COMPANY	11	18,830,487
INTERSTATE BANKERS CASUALTY COMPANY	37	14,846,296
LIBERTY MUTUAL FIRE INSURANCE COMPANY	17	37,031,898
MADISON MUTUAL INSURANCE COMPANY	20	28,367,005
MEDMARC CASUALTY INSURANCE COMPANY*	95	10,295,746
MEMBERSELECT INSURANCE COMPANY	30	38,654,822
MID-CENTURY INSURANCE COMPANY	19	55,026,265
NATIONAL HERITAGE INSURANCE COMPANY	20	5,009,401
NATIONWIDE MUTUAL INSURANCE COMPANY	14	45,105,900
PROGRESSIVE CASUALTY INSURANCE COMPANY	14	7,408,553
PROGRESSIVE HALCYON INSURANCE COMPANY	11	44,733,053
PROGRESSIVE PREMIER INSURANCE COMPANY OF IL	12	31,743,915
PROPERTY & CASUALTY INSURANCE CO OF HARTFORD	11	19,296,759
PRUDENTIAL PROPERTY & CASUALTY INSURANCE COMPANY	11	21,293,015
SAFECO INSURANCE COMPANY OF ILLINOIS	26	60,588,613
SAFECO INSURANCE COMPANY	89	35,459,051
STATE FARM FIRE & CASUALTY COMPANY	70	144,692,358
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	289	1,656,236,777
TRAVELERS PROPERTY CASUALTY INSURANCE CO OF IL	13	21,668,325
UNIQUE INSURANCE COMPANY	96	20,580,556
UNITED AUTOMOBILE INSURANCE COMPANY	62	32,134,844
UNITED EQUITABLE INSURANCE COMPANY	103	9,707,669
UNITED SERVICES AUTOMOBILE ASSOCIATION	19	53,294,817
UNIVERSAL CASUALTY COMPANY	343	48,545,285
USAA CASUALTY INSURANCE COMPANY	18	37,199,083
WEST AMERICAN INSURANCE COMPANY	11	18,878,191

*Company began withdrawing from Illinois on July 31, 2003.

For Coverage Type—Homeowners

Name	Complaints	2003 Illinois Direct Written Premium
ALLSTATE INSURANCE COMPANY	190	185,580,715
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	105	117,795,112
AUTO OWNERS INSURANCE COMPANY	13	21,462,212
CONSTITUTIONAL CASUALTY COMPANY	20	3,384,511
COUNTRY MUTUAL INSURANCE COMPANY	48	133,703,340
ECONOMY FIRE & CASUALTY COMPANY	13	17,640,027
ECONOMY PREMIER ASSURANCE COMPANY	26	47,362,149
ERIE INSURANCE EXCHANGE	14	16,079,499
GENERAL CASUALTY COMPANY OF ILLINOIS	15	11,704,628
HARTFORD INSURANCE COMPANY OF ILLINOIS	16	18,290,635
HARTFORD UNDERWRITERS INSURANCE COMPANY*	11	-173,205*
ILLINOIS FARMERS INSURANCE COMPANY	141	121,542,646
INDIANA INSURANCE COMPANY	12	12,893,115
LIBERTY MUTUAL FIRE INSURANCE COMPANY	11	11,319,981
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY	17	21,080,059
PRUDENTIAL PROPERTY & CASUALTY INSURANCE CO	43	17,555,637
SAFECO INSURANCE COMPANY OF ILLINOIS	25	12,446,645
STANDARD MUTUAL INSURANCE COMPANY	13	11,918,812
STATE FARM FIRE AND CASUALTY COMPANY	453	649,338,535
TRAVELERS PROPERTY CASUALTY INS CO OF IL	28	34,716,789
UNITED SERVICES AUTOMOBILE ASSOCIATION	14	19,908,558

*This company had negative direct Illinois written premium in 2003, but continued to have homeowner policies in force as shown by their 2003 Illinois earned premium of \$6,558,472. Company began transferring their homeowners business to an affiliate in 2002.

2003 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Individual Life

Name	Complaints	2003 Illinois Direct Written Premium
AMERICAN GENERAL LIFE & ACCIDENT INSURANCE CO	20	13,756,082
AMERICAN GENERAL LIFE INSURANCE COMPANY	20	88,028,638
AMERICAN INCOME LIFE INSURANCE COMPANY	11	16,700,452
ATLANTA LIFE INSURANCE COMPANY	12	2,424,274
BANKERS LIFE & CASUALTY COMPANY	12	8,776,606
CONSECO LIFE INSURANCE COMPANY	11	10,633,425
GLOBE LIFE & ACCIDENT INSURANCE COMPANY	22	13,386,921
METROPOLITAN LIFE INSURANCE COMPANY	45	186,209,886
MONUMENTAL LIFE INSURANCE COMPANY	40	38,077,100
PRIMERICA LIFE INSURANCE COMPANY	12	57,273,442
PRUDENTIAL INSURANCE COMPANY OF AMERICA	63	168,856,688
REASSURE AMERICA LIFE INSURANCE COMPANY	27	18,511,310
STATE FARM LIFE INSURANCE COMPANY	10	165,032,535
UNITED INSURANCE COMPANY OF AMERICA	30	16,413,396

For Coverage Type—Group Credit Accident & Health

Name	Complaints	2003 Illinois Direct Written Premium
CUNA MUTUAL INSURANCE SOCIETY	15	16,638,343

2003 Complaint Statistics for Health Service Organizations Illinois Members Only

Name	Complaints	Total Illinois Members as of 12/31/03	Non-Medicaid/ Non-Medicare Members as of 12/31/03*
DELTA DENTAL PLAN OF ILLINOIS	13	239,746	239,746

*Total adjusted to delete Medicaid/Medicare members and FEHBP members.

Enrollment numbers shown are derived from the 2003 Illinois Enrollment page included in the 2003 Annual Statement filing.

2003 Complaint Statistics for Limited Health Service Organizations Illinois Members Only

Name	Complaints	Total Illinois Members as of 12/31/03	Non-Medicaid/ Non-Medicare Members as of 12/31/03*
COMPDET OF ILLINOIS INC	16	173,030	173,030
OLYMPIA LIMITED HEALTH SERVICES ORG INC.	2	124,786	124,786

*Total is adjusted to delete Medicaid/Medicare members and FEHBP members.

Enrollment numbers shown are derived from the 2003 Illinois Enrollment page included in the 2003 Annual Statement filing.

2003 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Individual Accident & Health

Name	Complaints	2003 Illinois Direct Written Premium
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY	20	14,100,809
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	20	92,129,445
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	13	35,603,434
AMERICAN REPUBLIC INSURANCE COMPANY	15	20,305,280
BANKERS LIFE & CASUALTY COMPANY	25	32,299,557
COMBINED INSURANCE COMPANY OF AMERICA	21	25,197,720
CONSECO HEALTH INSURANCE COMPANY	20	12,956,011
CONSECO SENIOR HEALTH INSURANCE COMPANY	33	20,484,631
CONTINENTAL CASUALTY COMPANY	29	36,595,910
COUNTRY LIFE INSURANCE COMPANY	17	72,633,064
FORTIS INSURANCE COMPANY	79	14,271,556
HEALTH CARE SERVICE CORPORATION	439	963,437,439
JOHN ALDEN LIFE INSURANCE COMPANY	11	2,999,904
MUTUAL OF OMAHA INSURANCE COMPANY	18	19,613,686
PENN TREATY NETWORK AMERICA INSURANCE COMPANY	18	17,033,928
PHYSICIANS MUTUAL INSURANCE COMPANY	13	19,310,520
UNICARE HEALTH INSURANCE COMPANY OF THE MIDWEST	55	84,763,284
UNICARE LIFE & HEALTH INSURANCE COMPANY	27	772,570

2003 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Group Accident & Health

Name	Complaints	2003 Illinois Direct Written Premium
AETNA LIFE INSURANCE COMPANY	16	165,898,817
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY	12	19,159,873
CELTIC INSURANCE COMPANY	23	9,911,530
CONCERT HEALTH PLAN INSURANCE COMPANY	59	19,625,001
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	35	229,028,282
CONSECO HEALTH INSURANCE COMPANY	10	22,046,990
DESTINY HEALTH INSURANCE COMPANY	10	40,784,279
FIDELITY SECURITY LIFE INSURANCE COMPANY	12	23,373,265
FORTIS INSURANCE COMPANY	28	92,224,747
GOLDEN RULE INSURANCE COMPANY	22	29,231,662
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	56	186,365,293
HEALTH CARE SERVICE CORPORATION	336	2,210,670,596
HUMANA INSURANCE COMPANY	84	619,583,650
JEFFERSON PILOT FINANCIAL INSURANCE COMPANY	12	32,212,912
JOHN ALDEN LIFE INSURANCE COMPANY	12	61,608,944
LIFE INSURANCE COMPANY OF NORTH AMERICA	13	59,342,200
MEGA LIFE AND HEALTH INSURANCE COMPANY	16	58,178,177
METROPOLITAN LIFE INSURANCE COMPANY	34	149,191,071
MIDWEST SECURITY LIFE INSURANCE COMPANY	14	35,087,403
PRINCIPAL LIFE INSURANCE COMPANY	31	197,073,742
TRUSTMARK INSURANCE COMPANY	94	346,620,502
UNICARE HEALTH INSURANCE COMPANY OF THE MIDWEST	100	244,762,405
UNICARE LIFE & HEALTH INSURANCE COMPANY	32	23,685,549
UNITED HEALTHCARE INSURANCE COMPANY	59	386,080,105
UNITED HEALTHCARE INSURANCE COMPANY OF ILLINOIS	220	335,761,633
UNUM LIFE INSURANCE COMPANY OF AMERICA	19	121,523,690

2003 Complaint Statistics for Health Maintenance Organizations Illinois Members Only

Name	Complaints	Total Illinois Members as of 12/31/03	Non-Medicaid/ Non-Medicare Members as of 12/31/03*
AETNA HEALTH OF ILLINOIS INC	38	41,063	41,063
AMERIGROUP ILLINOIS INC**	6	31,830	0
CIGNA HEALTHCARE OF ILLINOIS INC	16	5,575	5,575
CIGNA HEALTHCARE OF ST. LOUIS INC	1	831	831
GREAT-WEST HEALTHCARE OF ILLINOIS INC	10	11,577	11,577
GROUP HEALTH PLAN INC	18	24,268	19,862
HEALTH ALLIANCE MEDICAL PLANS INC	68	152,419	138,851
HEALTH CARE SERVICE CORP MUT LEGAL RES CO	353	791,665	791,665
HUMANA HEALTH PLAN INC	178	314,741	227,955
JOHN DEERE HEALTH PLAN INC	11	37,289	37,283
MERCY HEALTH PLANS OF MISSOURI INC	1	9,012	7,719
OSF HEALTH PLANS INC	36	61,875	52,133
PERSONALCARE INSURANCE OF IL INC	66	61,140	57,208
ROCKFORD HEALTH PLANS INC	42	13,849	13,849
UNICARE HEALTH PLANS OF THE MIDWEST INC	150	151,045	135,655
UNITED HEALTHCARE OF ILLINOIS INC	80	64,673	37,838
UNITED HEALTHCARE OF THE MIDWEST INC	8	12,852	5,023

*Total is adjusted to delete Medicaid/Medicare members and FEHBP members.

**Medicaid only HMO. Complaints are handled by the Illinois Department of Public Aid.

Enrollment numbers shown are derived from the 2003 Illinois Enrollment page included in the 2003 Annual Statement filing.

HMOs and Health Service Organizations with No Illinois Enrollment at Year End 2003

	Complaints
COUNTRY MEDICAL PLANS INC	0
FIRST COMMONWEALTH HEALTH SERVICES CORP*	3
HARMONY HEALTH PLAN OF ILLINOIS INC**	0
HMO MISSOURI INC	0
MERCYCARE INSURANCE COMPANY	0
PREMIER MEDICAL INSURANCE GROUP INC	0
PRUDENTIAL HEALTH CARE PLAN INC	0
WELLMARK HEALTH PLAN OF IOWA INC	0

*This is a Health Service Organization.

** Medicaid only HMO. Complaints are handled by the Illinois Department of Public Aid.

Illinois Licensed Health Maintenance Organizations Having Commercial Enrollment but No Complaints in 2003

Name	Total Illinois Members as of 12/31/03	Non-Medicaid/ Non-Medicare Members as of 12/31/03*
BCI HMO INC	111	111
HEALTH ALLIANCE MIDWEST INC	636	636
HEALTHLINK HMO INC	6,580	6,580
MEDICAL ASSOCIATES HEALTH PLAN INC	3,170	3,170
NEVADACARE INC	269	269
UNION HEALTH SERVICE INC	35,521	33,488

Enrollment numbers shown are derived from the 2003 Illinois Enrollment page included in the 2003 Annual Statement filing.

Comparison of Complaints by Coverage and Reason 2002–2003

Coverage	Underwriting	Marketing and Sales	Claim Handling	Policyholder Service	Total	% Change
Auto (2002)	713	56	2,974	142	3,885	
Auto (2003)	700	83	3,296	148	4,227	+9%
Homeowners (2002)	678	6	719	59	1,462	
Homeowners (2003)	851	15	764	62	1,692	+16%
Individual Life (2002)	95	73	187	458	813	
Individual Life (2003)	131	48	151	393	723	-11%
Individual Annuity (2002)	4	27	7	89	127	
Individual Annuity (2003)	5	25	9	82	121	-5%
Individual A&H (2002)	275	28	847	193	1,343	
Individual A&H (2003)	300	31	800	92	1,223	-9%
Group A&H (2002)	161	6	3,259	243	3,669	
Group A&H (2003)	115	12	2,862	100	3,089	-16%
Group Credit A&H (2002)	0	1	43	9	53	
Group Credit A&H (2003)	2	0	40	1	43	-19%
HMOs (2002)	19	2	1,262	16	1,299	
HMOs (2003)	17	0	1,114	54	1,185	-9%
All Other Coverages (2002)	215	21	314	117	667	
All Other Coverages (2003)	227	29	387	1	644	-3%
Totals for 2003	2,348	243	9,423	933	12,947	

IDOI now part of IL Department of Financial and Professional Regulation

complaints (cont'd from pg. 2)

For a copy of this report, visit the IDFPR Web site at **www.idfpr.com**. Illinois consumers may contact the IDFPR, Division of Insurance, by calling the Consumer Assistance Hotline toll-free at 866/445-5364 or the Office of Consumer Health Insurance toll-free at 877/527-9431. ♦

On April 1, 2004, Governor Blagojevich signed Executive Order 2004-6 consolidating the Illinois Departments of Insurance, Financial Institutions, Professional Regulation and the Office of Banks and Real Estate into the Illinois Department of Financial and Professional Regulation (IDFPR). Information regarding the new agency is avail-

able on the IDFPR Web site at **www.idfpr.com**. The Web site contains links to the Division of Insurance and the three other Divisions within IDFPR. The Division of Insurance may be contacted by phone at 217/782-4515 (Springfield) or at 312/814-2420 (Chicago) regarding insurance matters. ♦

Losing the safety net of group insurance— what do you do now?

—by Jonathan Taylor, Director of Marketing and Membership, ICHIP

The loss of group health insurance coverage is often one of the largest transitions to make upon becoming a dislocated worker. Transitioning from group insurance coverage, which covers all family members, into a situation in which each family member must be evaluated for coverage on an individual basis, is often a difficult task. This task is made more difficult by the fact that most people with health insurance coverage do not know about their rights as individuals once their eligibility under a group plan expires. Here are three options available to individuals who are no longer covered by group health insurance.

Consolidated Omnibus Budget Reconciliation Act (COBRA)

COBRA provides a continuation of health insurance under the employer's plan for employees and their dependents due to termination of employment, death, divorce, loss of dependent status, and other life events. There are several key points to remember regarding COBRA:

- COBRA is generally applied to employer plans with 20 or more employees in the prior year;
- COBRA coverage is traditionally offered for 18, 29, or 36 months, depending on an individual's status on the plan;
- COBRA has a 60-day election period in which to accept the coverage;
- COBRA coverage can cost between 102% and 150% of the employer's plan.

Spouse's Employer Plan

If an individual's spouse works for an employer who offers an employer sponsored health plan that offers coverage to dependents, that individual has special enrollment rights. A special enrollment period may be granted if a person with other health insurance coverage loses that coverage or if a new dependent through marriage, birth, adoption or other life events needs to be added to the plan. There are also several key points to remember regarding special enrollment periods for a spouse's employer plan:

- special enrollment periods must be requested within 30 days of the loss of coverage;
- special enrollees may not be treated as late enrollees. The maximum pre-existing period applied cannot exceed 12 months;
- a description of special enrollment rights must be provided to employees at or before the time they are offered the opportunity to enroll in the group health plan.

Health Insurance Portability and Accountability Act/ Comprehensive Health Insurance Plan (HIPAA-CHIP)

HIPAA-CHIP generally provides guaranteed coverage to individuals who have had group health insurance coverage. HIPAA-CHIP is insurance coverage that does not have limitations on pre-existing conditions. In order to qualify for HIPAA-CHIP, an applicant must satisfy all of the following conditions:

- be an Illinois resident;
- have accrued a total of 18 months or more of coverage without a break of 90 days between periods of coverage;
- most recent coverage was provided under a group, governmental or church plan;
- have exhausted continuation coverage under federal COBRA or state continuation laws if offered; and
- can verify payment of the last month's premium of the previous health insurance plan.

If you have any questions regarding group health insurance rights, please contact the Illinois Department of Financial and Professional Regulation's Office of Consumer Health Insurance at 877/527-9431. Additional information regarding HIPAA-CHIP or other plans offered by the Illinois Comprehensive Health Insurance Plan (ICHIP) can be obtained by contacting ICHIP's Board office toll-free at 866/851-2751 (Illinois residents only) or 217/782-6333 (outside Illinois) and by visiting our Web site at www.chip.state.il.us. ♦

Division rules review

The full text of Division rules is printed in the *Illinois Register* published weekly by the Illinois Secretary of State's Index Department, 111 E. Monroe St., Springfield, IL 62756. Subscriptions are available from that source for an annual fee of \$290. Issue numbers and a Division contact person are listed below after each rule summary.

Some rules are posted on the Insurance Division's Web site at **www.idfpr.com**. Adopted rules are codified in Title 50 of the Illinois Administrative Code. For questions concerning the availability of Division rules, contact Denise Hamilton at 217/785-8560.

Rule 919 (Improper Claims Practices) was adopted effective July 1, 2004. In July 2002, the Division adopted various amendments to this Part including an amendment that added Section 919.50(d). Prior to the adoption of these amendments last year, much discussion occurred between the Division and interested

parties who firmly maintained that the financial impact of implementing the provisions of Section 919.50(d) would be very costly. In an effort to ease the financial burden immediate compliance with Section 919.50(d) would have caused, the Division agreed to incorporate a specific compliance date for this Section giving the insurance industry one year to make the transition.

The Division has since been compiling information concerning this entire process while conducting our field examinations pursuant to Section 132 of the Illinois Insurance Code [215 ILCS 5/132]. The Division is analyzing this information, and we will further evaluate whether our current regulation should be amended. Given the expenses involved to achieve compliance with Section 919.50, the Division is moving the July 1, 2003 compliance date to July 1, 2004. (Vol. 28, #28; Dale Emerson.)

Rule 1409 (Valuation of Life Insurance Policies) was adopted effective July 1, 2004, to allow for recognition and use of the 2001 CSO mortality tables being promulgated under new Part 1412 also published in this Register. At each company's discretion, either the 1980 or 2001 CSO tables may be used for calculations under the requirements of this Part. (Vol. 28, #28, Susan Lamb.)

Rule 1412 (Recognition of 2001 CSO Mortality Table) was adopted effective July 1, 2004, in order to permit companies to use the 2001 CSO Mortality Tables adopted by the NAIC in December of 2002. The purpose of this Part is to recognize, permit and prescribe the use of such tables under the specific authority of Section 223 (3)(a)(i) and 229.2 (4c)(h)(vi) of the Illinois Insurance Code and for use under 50 Ill. Adm. Code 1409.40(a) and (b). (Vol. 28, #28, Susan Lamb.) ♦

Martin re-elected President of NAMCR

Jeff Martin, HMO Financial Analysis Unit supervisor for the IDFPR, Division of Insurance, was recently re-elected President of the National Association of Managed Care Regulators (NAMCR) for 2004-2005. This is his second term as President. Mr. Martin has been active in NAMCR since he joined the Insurance Division in 1986.

NAMCR is an association of regulators from insurance and health departments and federal agencies charged with managed care regulation. The organization was formed in the early 1980s to enhance cooperation between federal and state HMO regulators and was originally known as the National Association of Health Maintenance Organization Regulators, or NAHMOR.

The group has worked with the NAIC through the years to develop and update the NAIC Model HMO Act and to address critical issues affecting HMOs and others in the managed care industry.

Mr. Martin supervises regulatory efforts by the Insurance Division to ensure financial solvency of HMOs, limited health services organizations, and other pre-paid entities involved in managed care. He has been a managed care regulator throughout his career.

Mr. Martin has three goals for NAMCR in the coming year: 1) he hopes to increase membership and to have at least one member from every jurisdiction; 2) he plans to put together a spring educational seminar for persons new to man-

aged care regulation; and 3) he is also aiming to achieve a tricky balance—give more to members and, at the same time, generate additional revenues to expand conferences and programs.

The next annual meeting for NAMCR is scheduled for October 18-20 in Washington, D.C. Issues to be addressed at the 3-day conference include Consumer Directed Healthcare (CDHC), fraud prevention, disease management, and predictive modeling.

If you would like more information about the conference, or about NAMCR, you may call Mr. Martin at 217/782-1798, or go to **www.namcr.org**. ♦

Producer regulatory action

(Copies of regulatory orders are available upon written request to the Producer Regulatory Unit, for \$1/page. The number of pages are indicated in parentheses following the effective date.)

Stipulation and Consent Order- Civil Forfeiture Paid

James C. Bellinger
3 Champlain Road
South Barrington, IL 60010
Effective 6/01/04 (3)

Better Business Planning, Inc.
125 West Orchard Street
Itasca, IL 60143
Effective 6/01/04 (3)

Mark S. Bianchi
13597 Cricket Close
Roscoe, IL 61073
Effective 3/08/04 (3)

Brian B. Feltes & Associates, Inc.
233 Hamilton Street
Geneva, IL 60134
Effective 5/12/04 (5)

CMF Insurance Agency, Inc.
5239 East Riverside Boulevard
Rockford, IL 61114
Effective 3/08/04 (3)

Morrey J. Capicotte
5738 Covey Ridge Trail
Loves Park, IL 61111
Effective 6/17/04 (3)

Ernest M. Carter
2605 South Indiana Street
Apartment 1101
Chicago, IL 60616
Effective 3/02/04 (3)

Morton R. Chandler
1781 15th Avenue, RR 3
Aledo, IL 61231
Effective 6/02/04 (3)

David D. Duzan
RR Box 149 B
Lexington, IL 61753
Effective 5/25/04 (4)

Brian B. Feltes
2416 Susan Curve
Cortland, IL 60112
Effective 5/12/04 (5)

Rosemary L. Frawley
RR 1, Box 71
Putnam, IL 61560
Effective 6/02/04 (5)

Timothy C. Gallagher
310 Chesterfield
Vernon Hills, IL 60061
Effective 5/14/04 (3)

Joyce A. Ingram
18015 Olympia
Country Club Hills, IL 60478
Effective 5/07/04 (2)

Jeffrey M. Kennedy
936 Lilac Lane, PO Box 2347
Naperville, IL 60540
Effective 6/09/04 (5)

Timothy D. Kusgen
301 West Cedar, PO Box 208
California, MO 65018
Effective 5/11/04 (3)

Lauerman Brothers, Inc.
936 Lilac Lane, PO Box 2347
Naperville, IL 60540
Effective 6/09/04 (5)

Lequia Insurance Agency
805 University
Henry, IL 61537
Effective 6/02/04 (5)

Barry N. Link
1200 Midwest Lane
Wheaton, IL 60187
Effective 7/17/04 (3)

Matthew J. Walsh
873 Merrill Street
Park Ridge, IL 60068
Effective 5/21/04 (3)

Denial of Producer License

Shelby M. Gibson
2058 Sheridan Road
North Chicago, IL 60064
Effective 5/13/04 (2)

Revocation of Producer License

David J. Cordero
1041 West Ogden Avenue
Unit 121
Naperville, IL 60563
Effective 7/18/04 (2)

Thomas B. Fairclough
447 Sheffield Street
St. Anne, IL 60964
Effective 6/25/04 (2)

David B. Held
2584 Paradise Road
Mattoon, IL 61938
Effective 6/24/04 (10)

Janssen Agency
305 East Elm Street
Gillespie, IL 62033
Effective 7/18/04 (4)

Michael W. Janssen
13080 Prairie Trail
Carlinville, IL 62626
Effective 7/18/04 (4)

Clarence H. Kusgen
14611 Lost Lake Lane
Mount Vernon, IL 62864
Effective 7/17/04 (2)

Suspension

Concepcion P. Gonzalez
1126 Williams Street
Collinsville, IL 62234
Effective 6/24/04 (8)

Voluntary Revocation

Dominic N. Pianen
1441 West Farwell Avenue A
Chicago, IL 60626
Effective 6/28/04 (2) ♦

Hearings

Scheduled Hearings:

Advocate Lutheran General Health Partners
Hearing No. 04-HR-0195
Cease and desist 9/28/04

Arthur Commons Carmichael, Jr.
Valley Global Insurance Brokers, LLC
Hearing No. 04-HR-0417
Denial of request for license 8/26/04

ENH Medical Group, Inc.
Joseph Golbus, President
Norman S. Gutmann, M.D.
Hearing No. 04-HR-0175
Cease and desist 8/24/04

Francisco Eudave
Hearing No. 04-HR-0584
Revocation of licensing authority 9/14/04

Henry Fleming, Sr.
Hearing No. 04-HR-0102
Revocation of licensing authority 8/19/04

Galaxy Health Network, Inc.
Paul J. Shane, Jr., President
Dan Shadle, Vice President
Pilar Kuramoto, Director of Network Operations
Angela Hodges, Administrative Manager
Hearing No. 04-HR-0297
Cease and desist 8/18/04

HealthOne, Inc.
USA Family Care
American Med Care
American Med One
Nationwide Benefits Association
Wes Long, CEO
Steven Whately, President
Family Care
Mike Rabie, President of National Assn. of Preferred Providers
National Association of Preferred Providers
Hearing No. 04-HR-0296
Cease and desist 9/08/04

Innovative Healthcare
Phil Altieri
Hearing No. 04-HR-0258
Cease and desist 8/17/04

Gregory M. Jacobs
Hearing No. 04-HR-0585
Denial of licensing authority 8/12/04

Ray E. Knickman II
Lori A. DeWitt
Midwest Integrity Underwriters Agency, Inc.
Hearing No. 04-HR-0076
Revocation of licensing authority 8/04/04

Medical Access Group
Preferred Medical Access
Hearing No. 04-HR-0335
Cease and desist 9/01/04

National Health Care Center
Robert L. Jerrolds
Hearing No. 04-HR-0684
Cease and desist 8/17/04

National Health Insurance Company
Hearing No. 04-HR-0467
Revocation of licensing authority 9/23/04

Peoplease Corporation
PLC Services, Inc.
Hearing No. 4124
Suspension of licensing authority 8/31/04

Senior Insurance Services, Inc.
Hearing No. 04-HR-0383
Notice of apparent liability 8/26/04

Spaulding Enterprise, Inc.
Hearing No. 4121
Workers compensation rating classification 8/20/04

Settled Without Hearing:

Morton Chandler
Hearing No. 04-HR-0150
Dismissed 6/08/04

Bernard Haertjens
Allstate Insurance Company
Hearing No. 04-HR-0511
Dismissed 6/07/04

Completed Hearings:

Concepcion P. Gonzales
Hearing No. 04-HR-0146
Order of revocation previously issued is vacated 6/24/04

David B. Held
Hearing No. 4115
Licensing authority revoked 6/24/04

Robert Knox
State Farm Insurance Company
Hearing No. 04-HR-0404
Nonrenewal effective 6/24/04

MLB Systems
Michael Lynch, David E. Michaud
Commerce Benefits Group
Administrative Service Consultants
Meridian Benefit, Inc.
Hearing No. 03-HR-0909
Cease and desist sustained 7/23/04

Scott Sebo
Hearing No. 4073
Letter of denial previously issued is rescinded 6/24/04

Marva Taylor
State Farm Insurance Company
Hearing No. 04-HR-0410
Nonrenewal effective 6/24/04 ♦

Company action

Market Conduct Fines

The following entity was issued a Stipulation and Consent Order and fined for Insurance Code violations and/or improper claims practices cited in an Illinois market conduct examination:

Celtic Insurance Company, IL,
6/03/04; \$10,000 ♦

Exam reports filed

Financial

Argonaut-Midwest Insurance Co.
6/28/04
Belvidere Farmers Mutual Ins. Co.
6/17/04
Breese Clinton County Mutual
Fire Insurance Company, now
known as Triton Mutual Ins. Co.
6/23/04
Country Casualty Insurance Co.
6/24/04
Country Mutual Insurance Co.
6/24/04
Country Preferred Insurance Co.
6/24/04
Discover Property & Casualty
Insurance Company
6/28/04
Discover Specialty Insurance Co.
6/28/04
First Commonwealth Health
Services Corporation
6/09/04
First Commonwealth Ins. Co.
6/09/04
First Commonwealth Limited
Health Services Corporation
6/09/04
Forreston Mutual Insurance Co.
7/23/04

Germantown Mutual Ins. Co.
6/23/04
IL Grocers Risk Management Assn.
7/12/04
IL Non Profit Risk Management
Association
7/12/04
Institutional Founders Life Ins. Co.
6/09/04
Lancer Insurance Company
6/09/04
Montgomery Mutual Ins. Co.
6/09/04
North American Company for Life
and Health Insurance
6/09/04
Northbrook Property and
Casualty Insurance Company, now
known as St. Paul Protective
Insurance Company
6/28/04
Omni Indemnity Company
6/17/04
Omni Insurance Company
6/17/04
Progressive Premier Insurance
Company of Illinois
6/30/04

Progressive Universal Insurance
Company of IL
6/30/04
Safeway Insurance Company
6/03/04
Universal Casualty Company
6/28/04
Veterans Life Insurance Company
6/09/04
Virginia Surety Company, Inc.,
formerly Combined Specialty
Insurance Company
6/28/04
Western States Insurance Co.
7/28/04
West Point Mutual Insurance Co.
7/23/04
Wilberton Mutual Insurance Co.
6/23/04

Market Conduct

Celtic Insurance Company
6/03/04
Franklin Life Insurance Company
6/09/04 ♦

**Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, Illinois 62767**

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